

The 110th Congress  
U.S. House of Representatives  
Washington, DC 20515

June 19 2007

The Honorable Carlos Gutierrez  
Secretary  
United States Department of Commerce  
14th Street And Constitution Ave, NW  
Washington, D.C. 20230

Dear Secretary Gutierrez:

Again, I want to thank you for taking time to meet with me back on November 28, 2006 regarding the ongoing situation with sock imports and how it relates to CAFTA. As we have talked about in recent months, I would like to mention that your letter of July 27, 2005 to me regarding the Dominican Republic - Central America - United States Free Trade Agreement (CAFTA- DR) contained two main commitments related to the agreement. The letter stated:

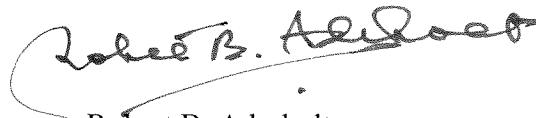
“Nevertheless, you have strongly and clearly conveyed to the Administration that many sock producers have concerns about the impact of CAFTA. As we discussed last week, **there are a number of actions we can and are very willing to take in response to these concerns...**First, the CAFTA contains a special textile safeguard, which allows the United States to temporarily re-impose duties up to the level of most- favored nation (MFN) duty rates on imports of apparel goods that cause, or threaten to cause, serious damage to the domestic industry as a result of the elimination or reduction of duties under the Agreement... These duties under the textile safeguard may be in place for three years. **The Department of Commerce chairs the safeguard process and would be very pro-active in initiating a sock safeguard if the situation were to warrant it. Indeed, the Administration would conduct any CAFTA sock safeguard investigation as expeditiously as possible.**”

The current predicament of the sock industry in my district is quite dire. In fact, out of approximately 5,000 families in my district that depend on the sock industry, about 1,200 have already lost their jobs since CAFTA went into effect. U.S. Census data on domestic sock production was recently revised to show a **19.6% drop in 2006** for the entire year, and another

**13.5% drop in the 1<sup>st</sup> quarter alone of 2007.** The latest import data from the Department of Commerce indicates that imports from Honduras have increased almost 50% in the year ending April 2007, and world imports have increased about 14% in that time. In my view, increased Honduran sock production is a significant factor in my district's job losses. In addition, the construction of one of the largest sock factories in the world there by a company with a very low tax obligation makes Honduras one of the greatest threats to the future well-being of the industry.

I would respectfully ask you to take another serious look at initiating a sock safeguard investigation with respect to Honduras as soon as possible. Thank you for your consideration of this request. As always, please do not consider hesitate to contact me or my staff if you have any questions. Also, I would appreciate you getting back with me after you have had an opportunity to review these numbers. Thank you again.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert B. Aderholt", with a long, sweeping horizontal line extending to the left.

Robert B. Aderholt  
Member of Congress

RA:mc